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C O N F I D E N T I A L SECTION 01 OF 02 ALGIERS 000877

SIPDIS

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TAGS: [PGOV](#) [PINR](#) [AG](#)

SUBJECT: LONG-AWAITED PARTIAL ALGERIAN GOVERNMENT RESHUFFLE

REF: A. 04 ALGIERS 02276

[1](#)B. 04 ALGIERS 02375

Classified By: AMBASSADOR RICHARD W. ERDMAN FOR
REASONS 1.5(B) AND (D)

[11.](#) (U) On May 1, President Bouteflika announced "a partial reshuffle" of the Algerian government. Six ministers changed portfolios; four ministers left the cabinet; and six new ministers were appointed to the GoA. Prime Minister Ahmed Ouyahia remains as Prime Minister. The Cabinet contains 16 ministers from the FLN party, 9 from the RND party, and 5 from the (moderate Islamic) MSP party. The President created a "Minister-Delegate" (Deputy Minister) of Defense, maintaining the Defense Minister portfolio for himself. Foreign Minister Belkhadem was replaced with Mohamed Bedjaoui, the President of the Constitutional Council. Belkhadem becomes Minister of State and Special Envoy of the President. Bougerra Soltani, head of the MSP party, was appointed Minister of State without portfolio. (Note: We are reporting the full Cabinet by Septel as well as a detailed biography of Foreign Minister Bedjaoui.)

[12.](#) (C) President Bouteflika dismissed the Ministers of Finance, Health, Commerce, and Tourism. He also dismissed the Ministers in charge of Participation (i.e., Privatization) and Tourism. Finance Minister Benachenhou was dismissed because he was abrasive and created discord within the Cabinet. He was replaced by Mourad Medelci, who previously served as Minister of Finance between 1999 and [12001](#). According to Embassy contacts, Medelci is considered to be a competent technocrat, favors economic liberalization, and is more politically adept than the brusquely outspoken Benachenou, a former academic. Between 2001 and 2005, Medelci served as an economic advisor to the President. The other important move on the economic front was the appointment of Abdelhamid Temmar as Minister for Privatization and Investment Promotion. Temmar's appointment is seen as a signal that the President is serious about moving forward with privatization. However, we note that Temmar has recently played a key behind-the-scenes role in Algeria's WTO accession negotiation negotiations, in effect coordinating Algeria's positions and energizing the Algerian WTO team in a way dismissed Commerce Minister Boukrouh was never able to do. It is unclear if Temmar will retain this WTO role in which he became a close Embassy interlocutor and led an important delegation to Washington. The new Minister of Commerce, El Hachemi Djaaboub, was previously Minister of Industry and is an MSP party stalwart.

[13.](#) (C) Bouteflika appointed retired general Abdelmalek Guenaizia as Minister Delegate (Deputy Minister) for Defense. Guenaizia comes from eastern Algeria. He was Chief of Staff prior to Mohamed Lamari and retired in 1992. In the mid-1980s, he began to call for the professionalization of the Algerian military. He was closely aligned with former Defense Minister Khaled Nezzar and General Mohamed Touati. He has served as Algerian Ambassador to Switzerland since [11992](#). While in Switzerland, Guenaizia had extensive business dealings which drew the negative attention of the Swiss political establishment, according to a well-informed Algerian contact of ours.

[14.](#) (C) A well-placed contact told us that FM Belkhadem, who many regard as politically ambitious and even angling eventually for the Presidency, wanted either to replace Ouyahia as Prime Minister or at least to see him out of government. Belkhadem's reasoning was that as head of a major party, he was at least equal to the Prime Minister and in fact should remain in the cabinet since he had rescued the FLN and brought it back in the pro-Bouteflika camp. This was reportedly one of the issues holding up the government reshuffle. Instead, Bouteflika appointed both Belkhadem and MSP Chief Soltani as Ministers of State to recognize their respective positions as political party leaders within the government.

[15.](#) (C) COMMENT: Bouteflika's reshuffle is being viewed as having brought little new blood into the government. Critics described the new government as a reordering of chairs on a ship's deck, with something for the various interest groups, including the presidential coalition, no clear signal of an imminent push for meaningful reform, and no effort to reach out to the younger generation. One political cartoonist captured the disappointment of many with a cartoon suggesting the May 1 announcement was actually more like April Fool's

Day. While the importance of privatization has been upgraded with the appointment of Temmar, little else has changed on the economic front. The naming of a civilian minister-delegate for Defense is another step toward military modernization and pushes the once all-powerful Armed Forces chief of staff position down another notch in the protocol of hierarchy, further circumscribing the military's political role. The naming of a former general from the East should also help offset concerns that too many of Bouteflika's appointments are from western Algeria. Nevertheless, the same small group of Bouteflika confidants and western Algerian political figures remain at the helm.

SIEVERS